

Public Hearing and Approval of First Interim Budget

December 10, 2013

2013-2014 First Interim Budget Report

Agenda:

- Budget update assumptions
- 2013-14 budget report for General Fund
- Multi-year projections
- Cash flow
- Other Funds
- Next steps

2013-2014 First Interim Budget Report

- First interim budget report covers budget updates from July 1 through October 31, 2013
- Approval of First interim report is required in a public session by December 15, 2013
- Board must certify that the District's projected financial outlook for 2013-14, 2014-15 and 2015-16 is one of the following:
 - **Positive: WILL MEET** the financial obligations for the current and two subsequent years
 - **Qualified: MAY NOT MEET** the financial obligations for the current and two subsequent fiscal years
 - **Negative: WILL BE UNABLE TO MEET** the financial obligations for the remainder of the current fiscal year and two subsequent fiscal years
- Staff recommends a positive certification

2013-2014 First Interim Budget Report

Outstanding Issues:

- LCFF revenue – Instability of funding due to lack of specific legislation
- Affordable Care Act
- Cash Management continues to be a challenge and will be monitored closely
- 1.75% ongoing compensation increase

2013-2014 First Interim Budget Report - Assumptions

- LCFF Calculator from FCMAT with modified assumption
- Thirty I-20 Foreign Students for 2013-14, Twenty each in 2014-15 and 2015-16
- 5 FTE teacher contingencies budgeted in 2014-15 and 2015-16
- Contribution to Parcel Tax in 2013-14, 2014-15 and 2015-16

2013-2014 First Interim Budget Report - Assumptions

Benefit	Percentage	Employee Group
State Teachers Retirement System	8.25%	Certificated
Public Employee Retirement System	11.44%	Classified
Social Security (FICA)	6.20%	Classified
Medicare	1.45%	Certificated & Classified
Health & Welfare	Varies	Certificated & Classified
State Unemployment Insurance	0.11%	Certificated & Classified
Worker's Comp	2.38%	Certificated & Classified
Other Post Employment Benefits	1.48%	Certificated & Classified

2013-2014 First Interim Budget Report - Assumptions

Categories	12/13	13/14
	Actual	Projected
Enrollment, ADA & Funding Rates		
OPTION 1:		
District Enrollment (CBEDS)	9,295	9,432
District Funded ADA-Actual/Projected	8,889	9,058
Unduplicated EL/FRM Count		3,755
COLA	3.24%	1.57%
GAP Funding Rate	N/A	11.780%
On Going Compensation Increase	N/A	N/A
Budget Cuts	\$ -	\$ -

2013-2014 First Interim Budget Report – Budget – General Fund

	Unrestricted	Restricted		Total
	Unrestricted	Restricted without Parcel Tax	Parcel Tax	General Fund
REVENUES				
LCFF Revenue	\$ 59,002,280	\$ 1,859,460	\$ -	\$ 60,861,740
Federal	\$ 47,113	\$ 4,583,484	\$ -	\$ 4,630,597
Other State	\$ 1,647,724	\$ 3,865,268	\$ -	\$ 5,512,992
Other Local	\$ 1,332,195	\$ 5,226,153	\$ -	\$ 6,558,348
Parcel Tax	\$ -	\$ -	\$ 11,957,963	\$ 11,957,963
Revenues	\$ 62,029,312	\$ 15,534,365	\$ 11,957,963	\$ 89,521,640
EXPENDITURES				
Salaries & Benefits	\$ 45,116,976	\$ 17,785,611	\$ 10,560,588	\$ 73,463,175
Books/Supplies & Outlay	\$ 2,743,460	\$ 6,947,824	\$ 453,616	\$ 10,144,900
Services & Op. Expenses	\$ 7,211,568	\$ 5,629,352	\$ 416,490	\$ 13,257,410
Other Outgo & Transfers	\$ (1,717,381)	\$ 1,603,648	\$ 352,827	\$ 239,094
Expenditures	\$ 53,354,623	\$ 31,966,435	\$ 11,783,521	\$ 97,104,579
Other Sources (Uses)	\$ (13,622,789)	\$ 13,059,974	\$ (305,892)	\$ (868,707)
Net Inc. (Dec) in Fund Bal.	\$ (4,948,100)	\$ (3,372,096)	\$ (131,450)	\$ (8,451,646)
Beginning Balance	\$ 10,838,576	\$ 3,372,096	\$ 131,450	\$ 14,342,122
Ending Balance	\$ 5,890,476	\$ 0	\$ -	\$ 5,890,476

2013-2014 First Interim Budget Report - Assumptions

Categories	12/13	13/14	14/15	15/16
	Actual	Projected	Projected	Projected
Enrollment, ADA & Funding Rates				
OPTION 1:				
District Enrollment (CBEDS)	9,295	9,432	9,398	9,396
District Funded ADA-Actual/Projected	8,889	9,058	9,025	9,023
Unduplicated EL/FRM Count		3,755	3,759	3,758
COLA	3.24%	1.57%	1.87%	1.99%
GAP Funding Rate	N/A	11.780%	11.780%	11.780%
On-going Compensation Increase	N/A	N/A	0.00%	0.00%
Budget Cuts	\$ -	\$ -	\$ -	\$ -
OPTION 2:*				
District Enrollment (CBEDS)	9,295	9,432	9,432	9,432
District Funded ADA-Actual/Projected	8,889	9,058	9,058	9,058
Unduplicated EL/FRM Count		3,755	3,759	3,758
COLA	3.24%	1.57%	1.87%	1.99%
GAP Funding Rate	N/A	11.780%	16.490%	11.780%
On-going Compensation Increase	N/A	N/A	1.75%	0.00%
Budget Cuts			\$ 100,000	\$ 100,000

**The SACS report is based on Option 2*

2013-2014 First Interim Budget Report – Multi-Year Projections – Unrestricted General Fund – Option 1 vs. Option 2

OPTION 1	2012-13	2013-14	2014-15	2015-16
	Actual	Budgeted	Projected	Projected
Beginning Balance (Unspent Funds from Prior Year)	\$ 12,083,536	\$ 10,838,576	\$ 5,890,476	\$ 2,836,071
PLUS: Revenues	\$ 57,693,580	\$ 62,029,312	\$ 64,138,484	\$ 66,014,339
MINUS: Expenditures	\$ 47,541,571	\$ 53,354,623	\$ 53,273,566	\$ 54,144,533
MINUS: CONTRIBUTIONS (Primarily Special Ed.)	\$ 11,396,969	\$ 13,622,789	\$ 13,919,323	\$ 14,257,350
Ending Balance	\$ 10,838,576	\$ 5,890,476	\$ 2,836,071	\$ 448,527
MINUS: Set Asides	\$ 1,949,200	\$ 50,000	\$ 50,000	\$ 50,000
Unassigned/Unappropriated Ending Fund Balance	\$ 8,889,376	\$ 5,840,476	\$ 2,786,071	\$ 398,527
Actual or Budgeted Deficit Spending	\$ (1,244,960)	\$ (4,948,100)	\$ (3,054,405)	\$ (2,387,544)

TRANSITION FROM OPTION 1 to OPTION 2*	
Enrollment & Average Daily Attendance	Instead of 3 year rolling average, assume 13-14 enrollment will stay flat in 14-15 and 15-16
GAP Funding Rate	16.49% instead of 11.78% for FY 2014-15
Reduction in Capital Expenditures	\$200,000, combined in FY 2014-15 and FY 2015-16
On going Compensation Increase	1.75% in 2014-15

OPTION 2*	2012-13	2013-14	2014-15	2015-16
	Actual	Budgeted	Projected	Projected
Beginning Balance (Unspent Funds from Prior Year)	\$ 12,083,536	\$ 10,838,576	\$ 5,890,476	\$ 2,660,231
PLUS: Revenues	\$ 57,693,580	\$ 62,029,312	\$ 64,996,521	\$ 66,971,438
MINUS: Expenditures	\$ 47,541,571	\$ 53,354,623	\$ 53,860,450	\$ 54,739,114
MINUS: CONTRIBUTIONS (Primarily Special Ed.)	\$ 11,396,969	\$ 13,622,789	\$ 14,366,316	\$ 14,709,404
Ending Balance	\$ 10,838,576	\$ 5,890,476	\$ 2,660,231	\$ 183,151
MINUS: Set Asides	\$ 1,949,200	\$ 50,000	\$ 50,000	\$ 50,000
Unassigned/Unappropriated Ending Fund Balance	\$ 8,889,376	\$ 5,840,476	\$ 2,610,231	\$ 133,151
Actual or Budgeted Deficit Spending	\$ (1,244,960)	\$ (4,948,100)	\$ (3,230,245)	\$ (2,477,080)

*The SACS report is based on Option 2

2013-2014 First Interim Budget Report – Multi-Year Projections – Unrestricted General Fund – OPTION 1

	2013-14	2014-15	2015-16
<u>REVENUES</u>			
LCFF	\$ 59,002,280	\$ 61,148,260	\$ 63,024,115
Federal	\$ 47,113	\$ 47,113	\$ 47,113
Other State	\$ 1,647,724	\$ 1,612,071	\$ 1,612,071
Other Local	\$ 1,332,195	\$ 1,331,040	\$ 1,331,040
Revenues	\$ 62,029,312	\$ 64,138,484	\$ 66,014,339
<u>EXPENDITURES</u>			
Salaries & Benefits	\$ 45,116,976	\$ 46,096,117	\$ 46,781,860
Books/Supplies & Outlay	\$ 2,743,460	\$ 1,554,025	\$ 1,579,964
Services & Operating Expenses	\$ 7,211,568	\$ 7,240,224	\$ 7,399,509
Other Outgo & Transfers	\$ (1,717,381)	\$ (1,616,800)	\$ (1,616,800)
Expenditures	\$ 53,354,623	\$ 53,273,566	\$ 54,144,533
Other Sources (Uses)	\$ (13,622,789)	\$ (13,919,323)	\$ (14,257,350)
Net Inc/Dec in Fund Balance	\$ (4,948,100)	\$ (3,054,405)	\$ (2,387,544)
Beginning Balance	\$ 10,838,576	\$ 5,890,476	\$ 2,836,072
Ending Balance	\$ 5,890,476	\$ 2,836,071	\$ 448,528
<u>Assignments:</u>			
Revolving Cash	\$ 50,000	\$ 50,000	\$ 50,000
Unassigned/Unappropriated EFB	\$ 5,840,476	\$ 2,786,071	\$ 398,528

2013-2014 First Interim Budget Report – Multi-Year Projections – Unrestricted General Fund – OPTION 2*

	2013-14	2014-15	2015-16
REVENUES			
LCFF	\$ 59,002,280	\$ 61,148,260	\$ 63,024,115
Addl. Revenue due to Addl. Enrollment and Higher GAP funding assumption	\$ -	\$ 858,037	\$ 957,099
Federal	\$ 47,113	\$ 47,113	\$ 47,113
Other State	\$ 1,647,724	\$ 1,612,071	\$ 1,612,071
Other Local	\$ 1,332,195	\$ 1,331,040	\$ 1,331,040
Revenues	\$ 62,029,312	\$ 64,996,521	\$ 66,971,438
EXPENDITURES			
Salaries & Benefits	\$ 45,116,976	\$ 46,096,117	\$ 46,781,860
Addl. Compensation Expenditure	\$ -	\$ 686,883	\$ 694,581
Books/Supplies & Outlay	\$ 2,743,460	\$ 1,554,025	\$ 1,579,964
Cuts to Balance MYP	\$ -	\$ (100,000)	\$ (100,000)
Services & Operating Expenses	\$ 7,211,568	\$ 7,240,224	\$ 7,399,509
Other Outgo & Transfers	\$ (1,717,381)	\$ (1,616,800)	\$ (1,616,800)
Expenditures	\$ 53,354,623	\$ 53,860,449	\$ 54,739,114
Other Sources (Uses)	\$ (13,622,789)	\$ (13,919,323)	\$ (14,257,350)
Addl. Contrib. to Sp. Ed. for Comp. Increase	\$ -	\$ (446,993)	\$ (452,054)
Net Inc/Dec in Fund Balance	\$ (4,948,100)	\$ (3,230,244)	\$ (2,477,080)
Beginning Balance	\$ 10,838,576	\$ 5,890,476	\$ 2,660,233
Ending Balance	\$ 5,890,476	\$ 2,660,232	\$ 183,153
Assignments:			
Revolving Cash	\$ 50,000	\$ 50,000	\$ 50,000
Unassigned/Unappropriated EFB	\$ 5,840,476	\$ 2,610,232	\$ 133,153

\$324,300 transfer of expenditure to Common Core Grant is built in this amount

*The SACS report is based on Option 2

2013-2014 First Interim Summary – Multi-Year Projections 2013-14 through 2015-16 – Restricted General Fund – OPTION 2*

	2013-14	2014-15	2015-16
REVENUES			
LCFF	\$ 1,859,460	\$ 1,859,460	\$ 1,859,460
Federal	\$ 4,583,484	\$ 4,402,437	\$ 4,402,437
Other State	\$ 3,865,268	\$ 1,887,333	\$ 1,887,333
Other Local	\$ 5,226,153	\$ 4,776,721	\$ 4,776,721
Parcel Tax	\$ 11,957,963	\$ 11,940,000	\$ 11,940,000
Revenues	\$ 27,492,329	\$ 24,865,951	\$ 24,865,951
EXPENDITURES			
Salaries & Benefits	\$ 28,346,199	\$ 28,908,364	\$ 29,199,241
Books/Supplies & Outlay	\$ 7,401,440	\$ 2,148,491	\$ 2,078,433
Services & Operating Expenses	\$ 6,045,842	\$ 5,557,598	\$ 5,679,865
Other Outgo & Transfers	\$ 1,956,475	\$ 1,749,108	\$ 1,749,108
Expenditures	\$ 43,749,956	\$ 38,363,561	\$ 38,706,647
Other Sources (Uses)	\$ 12,754,082	\$ 13,497,610	\$ 13,840,696
Net Inc/Dec in Fund Balance	\$ (3,503,546)	\$ -	\$ -
Beginning Balance	\$ 3,503,546	\$ 0	\$ 0
Legally Restricted Fund Balance*	\$ 0	\$ 0	\$ 0
Unassigned/Unappropriated	\$ -	\$ -	\$ -

*The SACS report is based on Option 2

2013-2014 First Interim Summary – Multi-Year Projections

2013-14 through 2015-16 – Combined General Fund – OPTION 2*

	2013-14	2014-15	2015-16
REVENUES			
LCFF	\$ 60,861,740	\$ 63,007,720	\$ 64,883,575
Addl. Revenue due to Addl. Enrollment and Higher GAP funding assumption	\$ -	\$ 858,037	\$ 957,099
Federal	\$ 4,630,597	\$ 4,449,550	\$ 4,449,550
Other State	\$ 5,512,992	\$ 3,499,404	\$ 3,499,404
Other Local	\$ 6,558,348	\$ 6,107,761	\$ 6,107,761
Parcel Tax	\$ 11,957,963	\$ 11,940,000	\$ 11,940,000
Revenues	\$ 89,521,641	\$ 89,862,472	\$ 91,837,389
EXPENDITURES			
Salaries & Benefits	\$ 73,463,175	\$ 74,557,487	\$ 75,529,048
Addl. Compensation Expenditure	\$ -	\$ 1,133,877	\$ 1,146,634
Books/Supplies & Outlay	\$ 10,144,900	\$ 3,702,516	\$ 3,658,397
Cuts to Capital Expenditures	\$ -	\$ (100,000)	\$ (100,000)
Services & Operating Expenses	\$ 13,257,410	\$ 12,797,823	\$ 13,079,375
Other Outgo & Transfers	\$ 239,094	\$ 132,308	\$ 132,308
Expenditures	\$ 97,104,579	\$ 92,224,011	\$ 93,445,762
Other Sources (Uses)	\$ (868,707)	\$ (868,707)	\$ (868,707)
Net Inc/Dec in Fund Balance	\$ (8,451,645)	\$ (3,230,246)	\$ (2,477,080)
Beginning Balance	\$ 14,342,122	\$ 5,890,477	\$ 2,660,232
Ending Balance	\$ 5,890,477	\$ 2,660,231	\$ 183,152
ASSIGNMENTS			
Revolving Cash	\$ 50,000	\$ 50,000	\$ 50,000
Unassigned/Unappropriated	\$ 5,840,477	\$ 2,610,231	\$ 133,152

\$324,300 transfer of expenditure to Common Core Grant in built in this amount

*The SACS report is based on Option 2

2013-2014 First Interim Budget Report – Multi-Year Projections – General Fund – Summary of Assumptions made to fund Option 2*

	2013-14	2014-15	2015-16
Additional Revenue due to Additional Enrollment and 16.49% GAP Funding assumption in 2014-15	\$ -	\$ 858,037	\$ 957,099
Additional Compensation Expenditure to cover ongoing 1.7% raise for all employees	\$ -	\$ 1,133,877	\$ 1,146,634
Expenditure Transfer from Unrestricted to Restricted (Common Core Grant)	\$ 324,300		
Budget Cuts to Capital Expenditures		\$ 100,000	\$ 100,000

*The SACS report is based on Option 2

2013-2014 Strategic Plan for Multi Year Expenditure Prioritization for Local Control Funding Formula (LCFF)

Prioritization Needed

Program	2013-14	2014-15	2015-16	Total over 3 years
USE GRANT FUNDING				
Transfer expenditures to restricted Common Core Grant	<u>\$ 194,366</u>	\$ -	\$ -	\$ 194,366
ITEMS TO PRIORITIZE				
Adult School			\$ 470,436	\$ 470,436
Reduction in Capital Expenditures			<u>\$ 1,000,000</u>	\$ 1,000,000
Elementary Mathematics Coaches		\$ 293,658	\$ 293,658	\$ 587,316
Administration, Educational Services		\$ 255,539	\$ 255,539	\$ 511,078
Common Core Supplies		<u>\$ 64,967</u>	<u>\$ 64,967</u>	\$ 129,934
				\$ -
	\$ 194,366	\$ 614,164	\$ 2,084,600	\$ 2,893,130

\$200,000 used to balance the MYP

Originally presented to the Board of Education on October 22, 2013. Approved by the Board of Education on ~~October 22~~ November 5, 2013.

2013-2014 First Interim Budget Report – Cash Flow, General Fund

Month	Jul	Aug	Sep	Oct	Nov	Dec
	Actual	Actual	Actual	Actual	Projected	Projected
Beginning Cash Balance	\$5,478,443	\$9,793,067	\$7,795,083	\$7,418,796	\$5,792,361	\$1,603,939
Receipts	\$8,899,920	\$6,475,860	\$7,574,144	\$5,943,362	\$3,568,365	\$23,197,298
Disbursements	\$4,585,296	\$8,473,844	\$7,950,431	\$7,569,797	\$7,756,787	\$3,026,242
Ending Cash Balance	\$9,793,067	\$7,795,083	\$7,418,796	\$5,792,361	\$1,603,939	\$21,774,995
Month	Jan	Feb	Mar	Apr	May	Jun
	Actual	Actual	Actual	Actual	Projected	Projected
Beginning Cash Balance	\$21,774,995	\$13,707,616	\$7,245,829	\$4,787,806	\$11,972,892	\$5,892,618
Receipts	\$3,889,326	\$2,455,651	\$5,409,879	\$15,341,533	\$2,419,023	\$3,158,784
Disbursements	\$11,956,705	\$8,917,438	\$7,867,902	\$8,156,447	\$8,499,297	\$13,964,524
Ending Cash Balance	\$13,707,616	\$7,245,829	\$4,787,806	\$11,972,892	\$5,892,618	(\$4,913,122)

Cash Balances in Other Funds may be used to backfill cash shortage in General Fund on temporary basis. Inter fund loans crossing fiscal years must be paid back within 90 days.

2013-2014 First Interim Budget Report – Other Funds

	Adult Education	Child Development	Child Nutrition
	Fund 11	Fund 12	Fund 13
<u>REVENUES</u>			
Federal	\$ 263,040		\$ 1,819,173
State		\$ 1,221,093	\$ 155,966
Local	\$ 135,937	\$ 251,959	\$ 533,455
Revenues	\$ 398,977	\$ 1,473,052	\$ 2,508,594
<u>EXPENDITURES</u>			
Salaries & Benefits	\$ 713,074	\$ 1,278,886	\$ 1,208,010
Supplies	\$ 97,792	\$ 78,001	\$ 1,128,660
Services & Operating Expenses	\$ 57,146	\$ 5,300	\$ 36,310
Capital Outlay		\$ 48,000	\$ 10,000
Other Outgo & Transfers		\$ 94,130	\$ 126,389
Expenditures	\$ 868,012	\$ 1,504,317	\$ 2,509,369
Parcel Tax Transfer			
Other Sources (Uses)	\$ 470,436	\$ 32,887	
Net Inc/Dec in Fund Balance	\$ 1,401	\$ 1,622	\$ (775)
Beginning Balance	\$ 18,356	\$ 66,869	\$ 547,136
Ending Balance	\$ 19,757	\$ 68,491	\$ 546,362
<u>Commitments & Assignments</u>			
Legally Restricted Ending Fund Balance	\$ 1,086	\$ 68,491	\$ 546,362
Unassigned/Unappropriated	\$ 18,671	\$ 0	\$ (0)

2013-2014 First Interim Budget Report – Other Funds (continued...)

	Deferred Maintenance Fund 14	Special Reserve Non-Capital Outlay Fund 17	Capital Facilities Fund 25	Special Reserve Capital Outlay Fund 40
REVENUES				
Federal				
State				
Local	\$ 918	\$ 3,366	\$ 481,489	\$ 528,611
Parcel Tax				
Revenues	\$ 918	\$ 3,366	\$ 481,489	\$ 528,611
EXPENDITURES				
Salaries & Benefits				\$ 68,355
Supplies	\$ 4,450	\$ -		
Services & Operating Expenses	\$ 105,091	\$ -	\$ 37,283	\$ 871,040
Capital Outlay	\$ 1,819,546	\$ -	\$ 666,467	\$ 1,158,760
Other Outgo & Transfers			\$ 148,498	
Expenditures	\$ 1,929,087	\$ -	\$ 852,248	\$ 2,098,155
Other Sources (Uses)	\$ 365,384	\$ -		
Net Inc/Dec in Fund Balance	\$ (1,562,785)	\$ 3,366	\$ (370,759)	\$ (1,569,544)
Beginning Balance	\$ 1,562,785	\$ 8,688,859	\$ 2,220,266	\$ 3,318,285
Ending Balance	\$ (0)	\$ 8,692,225	\$ 1,849,507	\$ 1,748,741
Commitments & Assignments				
Facilities Related Projects	\$ -		\$ 1,014,507	\$ 1,748,741
COP Loan Repayment			\$ 835,000	
Measure H Parcel Tax Contingent Liability		\$ 5,753,027		
Legally Restricted Ending Fund Balance				
Reserved for Economic Uncertainties		\$ 2,939,198		
Unassigned/Unappropriated	\$ (0)	\$ -	\$ (0)	\$ (0)

2013-2014 First Interim Budget Report – Glossary of Terms

Certificated	Teachers, Substitute Teachers, Counselors, Principals, Vice Principals, Nurses, Psychologists, Directors in Education Services, Superintendent
Classified	Office Managers, Accountants, Custodians, Food Service Assistants, Directors in Business Services
Supplies	Classroom Supplies, Textbooks, Janitorial Supplies, Office Supplies, Technology Equipment
Services	Utility Bills, Legal Fees, Insurance, Software Subscriptions, Internet Access, Special Education Non Public Schools
Other Outgo	Transfer of Indirect cost from restricted to unrestricted funds, Debt Payment
Other Sources & Uses	Contribution to restricted programs, primarily Special Education, Student Transportation
Contributions	General fund contribution to a program which is unable to meet its expenditures using Federal or State funding
ACA	Affordable Care Act aka Obama Care
CBEDS	California Basic Educational Data Systems
COLA	Cost of Living Allowance
CPI	Consumer Price Index
EFB	Ending Fund Balance
EL	English Learners
FCMAT	Fiscal Crisis and Management Assistance Team
FTE	Full Time Equivalent
FRM	Free or Reduced Priced Meal
LCAP	Local Control Accountability Plan
LCFF	Local Control Funding Formula
MYP	Multi Year Projections
RL	Revenue Limit (old State funding formula for Education)

2013-2014 First Interim Budget Report – Next Steps

- January 14, 2014: Public hearing on 1.75% on-going compensation increase
- January 2014: Governor's Budget Proposal for 2014-15
- March 2014: Second Interim Budget Report for 2013-14